



Vacation Policy for Salaried Employees

1.0 PURPOSE

To provide all full-time salaried employees with annual paid vacation. The amount of vacation will be based on overall length of Continuous Service with Packaging Corporation of America (PCA or Company).

2.0 SCOPE

- 2.1 This Policy applies to all full-time exempt and non-exempt salaried employees who consistently work 30 or more hours per week.
- 2.2 This policy does not apply to Co-ops or Interns. (Please see the Co-op/Intern policy).

3.0 APPLICATION OF POLICY

- 3.1 Vacation eligibility will be determined by length of Continuous Service with the Company. Continuous Service is defined by the following factors:
 - Any employment with the Company on a full-time basis during which no break in service of more than one (1) year in duration has occurred. Service with other PCA entities — acquired or subsidiaries — will also count for the purposes of determining vacation eligibility.
 - Prior service will not be recognized if employment with the Company is separated and re-employment occurs more than 365 days after the date of separation.
 - Employees on an authorized leave of absence will continue to be credited with Continuous Service for the duration of approved leave.
- 3.2 Effective January 1 of each year, all employees (except employees in their Initial Partial Year of Service) will receive vacation for use in the calendar year as follows:

Years of Service	Weeks of Vacation
Less than five (5) years	Three (3) weeks
Five (5) to 14 years	Four (4) weeks
15 to 19 years	Five (5) weeks
20 or more years	Six (6) weeks

- 3.3 Initial Partial Year of Service
- A newly hired employee will receive a pro-rata share of vacation for their partial calendar year of employment. The pro-rata share will be based upon the number of full calendar months of employment the employee is anticipated to complete in the year and will be calculated at the rate of 1.25 days per month.
 - Example: An employee hired in February is anticipated to complete ten (10) full months of employment within their Initial Partial Year of Service. The employee will receive 13 days of vacation.
 - Example: An employee hired in October is anticipated to complete two (2) full months of employment within their Initial Partial Year of Service. The employee will receive 3 days of vacation.
- 3.4 All Vacation must be used in full day increments unless otherwise provided for by Addendum (where applicable).
- 3.5 Unused Vacation will not be paid out at the end of the calendar year unless advance approval is granted by the employee's manager.
- 3.6 Employees should work with their manager to schedule vacation. The Company will do everything it can to accommodate vacation requests. However, if exceptional circumstances arise the Company reserves the right to cancel scheduled vacation. The cancelation of scheduled vacation will be considered a last resort and will only be exercised when necessary to satisfy external customer demands and expectations.

4.0 VACATION PAYOUT UPON SEPARATION OF EMPLOYMENT

- 4.1 Employees will receive a payout for unused vacation on a pro-rata basis upon separation of employment.
- Example: An employee in their fourth year ends their employment relationship with the Company in June. At the time of separation of employment, the employee had used one (1) week of vacation. Since employment ended in the 6th month of the calendar year, the employee is entitled to a pro-rata payout of up to 6/12ths (60 hours) of their vacation time. Since the employee had already used one (1) week or 40 hours, he/she would be entitled to a payout of 20 hours of vacation.
 - Example: An employee in their sixth year is separated in October. At the time, the employee had used three (3) weeks of vacation. Since employment ended in the 10th month of the calendar year, the employee is entitled to a pro-rata payout of up to 10/12ths (133 hours) of their vacation time. Since the employee had already used three (3) weeks or 120 hours, he/she would be entitled to a payout of 13 hours of vacation.